

**STATEMENT OF
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INSPECTOR GENERAL OF THE
U.S. DEPARTMENT OF STATE,
UNITED STATES INFORMATION AGENCY, INCLUDING THE
BROADCASTING BOARD OF GOVERNORS, AND THE

U.S. ARMS CONTROL AND DISARMAMENT AGENCY**

**BEFORE THE
COMMITTEE ON INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES**

JULY 17, 1997

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to discuss with you the work of my office over the past year. I am pleased to share with you the results of our assessments of operation of the Department of State, U.S. Information Agency, and the Arms Control and Disarmament Agency.

Secretary Albright has recently emphasized the broad array of worldwide challenges facing the United States, including regional tensions, international terrorism, illegal drugs, and global climate change. The Secretary has also identified diplomacy as this nation's first line of defense in responding to these challenges. To succeed, the foreign affairs community will require a framework stressing the need to prevent or defuse regional conflicts, control weapons of mass destruction, further U.S. interests in the expanding global economy, and promote democratic reform and the rule of law. Success will also depend, the Secretary notes, on a high state of diplomatic readiness. Maintaining the human and material infrastructure to allow the Department of State and its sister agencies--including the U.S. Information Agency and the U.S. Arms Control and Disarmament Agency--to operate effectively, is therefore critical to advancing this country's policy agenda overseas.

The Office of Inspector General (OIG) has responded readily to the changing needs of the foreign affairs community in developing its new policy framework and maintaining diplomatic readiness. OIG strives to ensure that its work focuses on the efforts of our client agencies to implement U.S. foreign policy effectively, link resources clearly to policy objectives, and maintain necessary operating platforms and infrastructure. Our work therefore has begun to focus on achieving these broadly stated strategic objectives during this reporting period.

Before I discuss our specific work in these areas, I would like better to define the OIG's strategic objectives as currently captured in our 5-year strategic plan to oversee the Department of State, the United States Information Agency (USIA), including international broadcasting and the Arms Control and Disarmament Agency (ACDA). Our strategic objectives encompass the following questions:

Objective 1: HOW WELL IS U.S. FOREIGN POLICY IMPLEMENTED?

For our first strategic objective we are looking at issues such as:

- Are existing policies clear, comprehensive, and prioritized?
- Are U.S. Government agency activities overseas coordinated?
- Are policies communicated to action agents with procedures in place to assess the effectiveness of these policies?

Objective 2: ARE RESOURCES LINKED TO POLICY PRIORITIES?

This strategic objective solicits our response to questions such as:

- Are people recruited, trained, and assigned in the right numbers in the right places?
- Are effective systems in place to ensure that resource-allocation decisions reflect policy priorities?
- Are program resources effectively applied to priorities?

Objective 3: HOW WELL ARE PLATFORMS AND INFRASTRUCTURES WORKING?

For our third strategic objective we are looking at issues such as:

- Is ICASS achieving efficiency and effectiveness in cost allocation?
- Do financial management systems support and provide effective controls?
- Are security programs and activities adequate?
- Are visa and passport programs strengthening border security and deterring fraud?

In April of 1996, my office assumed the responsibilities of the Inspector General of the United States Information Agency, including oversight of international broadcasting activities. These new responsibilities brought with them opportunities, given the expanded scope of our reviews, to provide more comprehensive oversight of foreign policy implementation, as well as better identification of impediments to, and strategies for, overcoming obstacles to the achievement of U.S. foreign policy objectives.

The current reorganization of the foreign affairs agencies will require significant attention to these strategic goals. My office has offered to assist the Department with the foreign affairs reorganization efforts currently under way. In a memorandum to the Reorganization Task Force, I identified several topics that have been the subject of OIG work, either under way or recently completed. I invited task force and working group leaders to avail themselves of the information gathered during the course of inspections and audits by contacting the team leaders directly. The team leaders are prepared to brief the groups or furnish data as required. Some of the topics include: ICASS, audits of Department financial statements, information management, Department warehousing, Foreign Service National Compensation System, USIA regionalization, and USIA Office of Security. We have also provided the Task Force with a summary of our “lessons learned” from the merger of the OIG’s of State/ACDA and USIA. I am pleased to add that the Department’s daily newsletter on reorganization activities last week reprinted portions of this memo.

I would now like to discuss several areas of work conducted by my office over the last year, in the context of our three strategic objectives.

HOW WELL IS U.S. FOREIGN POLICY IMPLEMENTED?

Are existing policies clear, comprehensive, and prioritized?

African Policy

After conducting inspections of 18 posts in Africa over a two-year period as well as inspecting the Bureau of African Affairs (AF), OIG assessed existing national security policy for Africa and policy guidance from Washington to African posts. Although the overall impression of post and bureau management was positive, we found the need for improved policy coordination in Washington and a better policy dialogue between these African posts and Washington. We underscored the lack of clarity in U.S. policy toward many African countries that has persisted for several years. Our 1994 inspection of AF called for the bureau to lead an executive branch review of U.S. policy in the region. This spring, AF agreed that policies toward selected individual countries can and will be updated. There are many issues, such as trade, development, human rights and democratization that transcend individual countries and merit examination on a regional basis. We will continue to press for such a review.

OIG also raised a caution flag with regard to the potential consequences of drawing down U.S. resources, perhaps prematurely, for some operations. State resources have been intermittent. Policy instruments previously available to ambassadors for carrying out their missions are in a downward spiral. Public diplomacy is an important tool for implementing foreign policy in many areas, including promoting democracies, human rights, and economic reform, as well as important environmental, health, and humanitarian interests. Withdrawal of programs traditionally provided by the U.S. Agency for International Development (USAID) and the U.S. Information Service (USIS), for example, will severely test the ability of chiefs of missions to achieve broad policy objectives in this important region.

State, in terms of its own resources, is not in particularly good shape in these countries either. State direct-hire staff has been reduced in most posts and, given our limited interests, usually justifiably so. But these missions now have very little slack, no surge capacity and are inevitably hard to staff, particularly for administrative work. And as other agencies depart, State officers often have to do more. The result? Long staffing gaps and inexperienced people filling responsible positions. This has negatively affected our posts' ability to carry out their mandate. And it is going to get worse. As post size declines, it will be increasingly difficult to maintain essential support services, such as medical care, schools, and recreational/commissary facilities. Plus, burgeoning crime makes living in some countries very dangerous and unattractive.

We are also concerned that USAID is pursuing a policy that makes it very difficult for embassies at which there is no USAID presence to initiate or maintain USAID funded programs, such as the ambassador's special self-help and democracy and human rights

(116e) programs in countries where USAID has either pulled out, or where, for any reason, it does not have an office.

USIA's approach of concentrating scarce resources in a few well-performing countries makes sense, if it isn't carried to extremes. For a relatively modest sum, about \$8 million per year for all of Africa, the self-help and democracy programs give our embassies the means to support the development of the national and community-based organizations that are essential for building democracy. These programs are especially important in countries that are not making sufficient progress toward representative government--often those countries where USAID has pulled out. It is difficult to believe that the return on the small amount of money now allocated to "non-presence" posts would be greater if it were reallocated to countries in which substantial USAID programs already exist.

From the perspective of the chief of mission, there are reasons as well for maintaining some other USAID funded programs in "non-presence" countries. Environmental and health problems respect no national boundaries, they have to be addressed regionally. Programs to prevent humanitarian crises can save us expensive relief efforts further down the road. Experience has shown that non-governmental organizations can manage such programs, with embassy monitoring, in the absence of a USAID mission. USAID's policy does allow for some exceptions for such programs, but its practice seems to be to minimize them. The policy does allow for waivers, but the process to obtain them is difficult and those embassies who have tried to obtain them report a presumption against them.

We recognize that USAID's budget is under great pressure and that there is no way it can continue to support all worthwhile programs. But a policy to eliminate virtually all programs in countries from which USAID has withdrawn may not represent the most effective use of scarce resources or provide adequate protection of investments already made. All or nothing is not the best answer.

Are U.S. Government agency activities overseas coordinated?

Public Diplomacy

Public diplomacy is an increasingly significant factor in achieving U.S. foreign policy objectives. In the midst of the communications technology revolution, with unprecedented public access to information sources, it is imperative that accurate information on U.S. policies and goals be available to foreign government and media leaders in a reliable and timely manner. In most countries we inspected, the Public Affairs Officer (PAO) was a significant member of the ambassador's country team, skillfully using the media and developing exchange programs, conferences, and relations with the academic community as vehicles for fostering a deeper understanding of the United States. Building such long-term, positive relations helps embassies establish the basis for

implementing U.S. foreign policies. As the foreign affairs agencies merge, OIG believes that public diplomacy must continue to serve as a critical foreign policy tool.

Public diplomacy programs are particularly critical tools in the conduct of diplomatic activities in the turbulent Balkans. Our ambassadors in Croatia, Serbia and Macedonia recognize public diplomacy initiatives as an important part of their diplomatic arsenals and use them to achieve specific policy objectives. In Mexico and Korea the PAO's work extremely closely with the chiefs of mission on both media and cultural activities. With over 37,000 U.S. troops in Korea, shaping public perceptions on issues ranging from security and international relations to the environment and human rights is a vital concern to U.S. national interests. And, because of the important interests the U.S. has in Mexico, getting accurate information about developments in the United States to the Mexican media is of critical importance. Even with diminishing resources, specifically targeted exchange programs with Mexico are major policy assets.

In Nigeria, Chad, Niger, and Burkina Faso, public diplomacy initiatives emphasizing support for human rights and development of democratic institutions are critical embassy tools, and the USIS PAO is clearly a key member of the country team. Embassy public diplomacy initiatives and exchange programs are focused on human rights and political reform in Burma. In Vietnam, public diplomacy is helping to reestablish relations between our two countries and build a civil society. In Suriname and Guyana, though, shrinking budgets have forced USIA to eliminate even modest public diplomacy activities, including exchange programs.

With the NATO expansion and our complicated new relationships with Russia and the newly independent states of the former Soviet Union, public diplomacy is a critical part of the work of the U.S. Mission to NATO in Brussels. Spain is another example of outstanding use of public diplomacy. In the face of diminishing public diplomacy resources, the ambassador has worked closely with the PAO to find alternate means to maintain cultural and exchange programs that foster positive, closer long-term relationships with the United States.

Educational and Cultural Programs

USIA's international educational and cultural programs include academic, cultural, and professional exchanges, including the Fulbright program; as well as book translations, English teaching, libraries and information centers, overseas educational advising, and cultural presentations. These programs are conducted in cooperation with U.S. missions abroad and a large network of program agencies and volunteer-assisted community organizations throughout the United States. USIA is responsible for ensuring that exchange and training activities conducted by the U.S. Government are consistent with U.S. foreign policy and avoid duplication of effort.

Subsequent to the merger with USIA/OIG, my office established a contracts and grants division, which is responsible for reviewing the implementation and oversight of

exchange activities supporting democracy and public diplomacy implemented through direct and indirect grants, cooperative agreements, and contracts with USIA. For FY 1997 budgeted, USIA's exchange activities totaled about \$258 million.

In the past year, my office has reviewed non-governmental organizations such as the National Endowment for Democracy, the Commission for Educational and Cultural Exchange Between the United States and the Arab Republic of Egypt, and many grantees receiving funds under the Freedom Support Act. Ongoing efforts include reviews of the Fulbright commissions in India, Pakistan, and Malaysia; the American Studies Research Center in Hyderabad, India; and reviews of grants funded by USAID transfers to USIA under the Freedom Support Act. In addition to recommendations to improve the economy, efficiency, and effectiveness of exchange programs, my office frequently identifies costs savings from reviews of these programs.

My office plans to conduct an audit of the exchange programs with the New Independent States (NIS) of the former Soviet Union within the coming year. Through FY 1996, grantees have received over \$220 million to fund high school, undergraduate, graduate, teacher and faculty, parliamentary, regional and local government, and business exchanges with the NIS. The audit will focus on whether selected grantees are fulfilling the requirements of their grant agreements and meeting program objectives. The audit will also include a review of the oversight provided by USIS and other field offices. The division will also conduct a mandated audit of the National Endowment for Democracy to assess the organization's operations and its financial oversight of its grantees. In addition to these audits of NIS grantees and the Endowment, the division will continue to conduct preaward and closeout audits of grants and contracts, indirect cost rate reviews, and oversight of OMB Circular A-133 audits.

Narcotics Control

Narcotics trafficking and other international crime activities are a principal threat to national security. Our review of the Department of State's counternarcotics certification process identified several areas for improvements. The counternarcotics certification process requires that the President identify major drug-producing or drug-transit countries, and certify to Congress which of these countries are fully cooperating in international efforts to control drug production, trafficking, and use. We found that the Bureau for International Narcotics and Law Enforcement Affairs (INL) has used the certification process more aggressively since 1993, making greater use of the vital national interests certification and pushing decertification beyond the traditional pariah states by adding Nigeria in 1994 and Colombia in 1996. However, INL did not sufficiently coordinate with overseas posts, and certain performance measures were unclear, giving the impression that the final certification process was arbitrary and subjective.

Our analysis also indicated that the certification process had limited success in improving counternarcotics efforts overseas and that the Department had not fully assessed the impact of mandatory sanctions. OIG recommended that INL (1) clarify

aspects of the certification criteria, (2) directly solicit post recommendations on certification, and (3) ensure that necessary analyses are performed before certification recommendations are made to Department management. My office has been informed by the Department that, in response to our review, the Secretary has directed the Under Secretary for Global Affairs to conduct an internal review of State's implementation of the certification process, to seek improvements and to identify possible, beneficial legislative changes.

Intelligence Oversight

Meeting our intelligence needs in this changing world is critical. We look to our chiefs of mission to ensure that intelligence activities in their jurisdiction are targeted on high priorities and are conducted consistent with our broader foreign policy and national security interests.

Last year we established an intelligence oversight division to focus more sharply on the effectiveness of chief of mission policy oversight and coordination of intelligence activities. This division developed a series of detailed questionnaires to be completed by chiefs of mission as well as the chiefs of intelligence components in the field. These questionnaires have now been used in more than a dozen post management inspections. Their utility has been commended widely not just by chiefs of mission but also by the intelligence components, some of which had expressed reservations about an expanded OIG role in this area. We will be regularly sharing the results of these intelligence oversight reviews with you in the classified annex to our Semi-Annual Report.

Late last year, OIG became formally a part of the Intelligence Community IG Forum. Our membership in this group has greatly expanded our opportunities to work with the intelligence community on issues where there are significant foreign policy concerns or Department of State equities. Currently, OIG is taking the lead with five other IGs from the intelligence community in a comprehensive, joint review of a compartmented intelligence support activity.

Law Enforcement

The chief of mission also plays a critical role in overseeing the coordination of law enforcement activities at posts abroad. My office has continued to review activities of the Department, expanding our coverage of law enforcement activities in post inspections. We will soon begin a worldwide audit to examine the coordination of overseas law enforcement activities and assess the effectiveness of INL programs in fighting international crime and improving foreign criminal justice systems. In the meanwhile, our teams conducting mission management inspections will pay particular attention to law enforcement coordination in the field. We are especially interested in progress in implementing the November 1996 Memorandum of Understanding (MOU) between the Secretary of State and the Attorney General and Secretary of Treasury concerning chief of mission oversight of law enforcement activity.

In February 1997 the former Assistant Secretary of the Bureau for International Narcotics and Law Enforcement Affairs (INL) requested that OIG audit the financial and procurement management practices at the International Law Enforcement Academy (ILEA), a multinational criminal justice training program being implemented by INL, the FBI, and the Government of Hungary. As of April 1997 INL estimated that total funding for ILEA during fiscal years 1995-1997 amounted to about \$11.2 million. Our audit reviewed about \$5.1 million allotted by the State Department and directly sent to Embassy Budapest for ILEA building renovations and teaching and administrative operations. At the conclusion of our work, INL requested that OIG review the balance of about \$6.1 million spent on ILEA as support by other federal law enforcement agencies within the Departments of Justice and Treasury. INL transfers funds to other federal agencies such as the FBI, DEA, Customs, ATF, and IRS to provide teachers at ILEA and to develop curriculum for specialized courses. OIG will coordinate this new audit work with the IGs at Justice and Treasury.

Peacekeeping

OIG also reviewed U.S. efforts to pursue reforms in managing multinational peace operations through implementation of Presidential Decision Directive 25 (PDD-25). Despite substantial progress in implementing the directive and improving peace operations, the U.S. Government must address gaps in several key areas, such as conducting mission reviews and establishing comprehensive command-and-control systems. The report also examined the impact of funding arrears on the ability of the United States and United Nations to carry out some PDD-25 reforms.

Responding positively to the OIG report, the Department sent two detailed memoranda to the National Security Agency's Peacekeeping Core Group (PKCG) proposing steps to implement the twelve remaining OIG recommendations (the Department fully implemented one recommendation concurrently with the report's issuance.) These recommendations addressed reforms in key areas such as mandate reviews, cost controls, contracting, civilian police support, and peacekeeper protection. In general, I was encouraged by the Department's timely, comprehensive, and positive response to our report and I am pleased that OIG was able to make a contribution to the discussion of this important foreign policy issue.

International Broadcasting

Congress mandated that greater efficiencies be sought by consolidating international broadcasting and ultimately privatizing some broadcasting operations. The first of these initiatives was the move of Radio Free Europe and Radio Liberty (RFE/RL) from Munich to Prague to achieve cost savings. We have examined issues related to the move, along with several areas in which the operation could achieve greater efficiencies. OIG is also examining RFE/RL's actions to eliminate past deficiencies in salaries and compensation, executive grade structure, travel practices, severance policies, property

management, use and payment of free-lance services, and procurement and contract activities. Our review focuses on Prague-based operations, but also includes domestic aspects of RFE/RL activities.

Preliminary findings indicate progress in most areas. For example, salaries and compensation, which previously were found to be excessive due to an inflated grade structure, now have been brought in line with programs of other U.S. Government broadcasting operations. The number of executive-level positions has been reduced. In addition, our preliminary findings indicate that RFE/RL has imposed much stricter policies on the use of premium fares, travel, and reimbursement for expenses. RFE/RL has completed a property inventory and has set up a central property office to handle the receipt and management of property. Despite this progress, RFE/RL needs to continue its efforts to improve administrative operations, particularly in procurement and contracting for use and payment of freelance services.

This year, OIG intends to focus on the congressional mandate, as stated in the International Broadcasting Act of 1994, that RFE/RL privatize by December 31, 1999. My office will be conducting a review of RFE/RL's progress toward a privatized future, assessing RFE/RL actions to date to privatize its broadcasting operations as called for in the Act and evaluating reported barriers to achieving privatization. The OIG also plans to assess the effect of relay station closures and downsizing on the modernization and construction program and planning for surge capability as well, and to assess the overall management of the affiliate programs.

Soon after assuming responsibility for oversight of international broadcasting, we realized the need to assess whether broadcast content meets its two congressional mandates: adherence to VOA broadcasts standards and consistency with broad U.S. foreign policy objectives. Our initial focus is on Radio Marti to develop a methodology for future reviews of overall broadcasting policies and procedures. This work is on-going.

Subsequent to the merger with USIA/OIG, we established in the Office of Audits, a division to focus on international broadcasting issues. Rather than relying on one auditor on site in Prague, this approach presents a more appropriate oversight strategy insofar as the broadcast division draws upon the breadth of audit and evaluation expertise spread throughout OIG to our oversight of all international broadcasting. I am requesting the support of this committee in my decision to better utilize the resource in Washington that is now resident in Prague.

Because of the importance of international broadcasting, a \$400 million per year program, in the overall promotion of U.S. national interest abroad, full oversight of the program is critical, I am also requesting the support of this committee in clarifying our oversight of international broadcasting activities to ensure comprehensive oversight of international broadcasting consistent with the Inspector General Act.

ARE RESOURCES LINKED TO POLICY PRIORITIES?

Are people recruited, trained, and assigned in the right numbers in the right places?

To address foreign policy challenges, it is critical that our foreign affairs presence has the right people, who are properly trained and assigned in accordance with national foreign policies priorities. To meet this objective, systems must be in place to recruit individuals with the right skills, provide adequate training, and assign people according to identified priorities.

Overseas Staffing Model

The OIG has been actively engaged in the Department's efforts to establish baselines and criteria against which embassy staffing levels can be measured. We continue to believe that the overseas staffing model will provide both the executive branch and the Congress with a useful tool to: (1) evaluate requests for additional personnel resources, (2) allocate personnel resources consistent with foreign policy objectives and priorities, (3) adjust staffing levels appropriately to deal with any funding level for personnel, and (4) determine appropriate staffing levels for new posts.

According to Department officials, the overseas staffing model has now been completed and updated. The results will be used along with the bureau program plans to guide personnel allocations in the Department's (FY 1998) Financial Plan and to support personnel requests in its (FY 1999) budget submission. The regional bureaus will then use the post-specific staffing projections as a guide for allocating resources at the post level. Adjustments have been made to the model to take into consideration the implementation of ICASS. The Department intends to incorporate revisions for the public diplomacy function with the merger of USIA.

OIG continues to examine the implementation of the staffing model process through its inspections, providing recommendations concerning post classifications or anomalies as appropriate.

Training, Staffing Gaps, and Recruitment

Our recent reviews point to some critical problems in the area of human resource management in all personnel systems: Foreign Service, Civil Service, Foreign Service national (FSN) and other locally employed personnel. Department operations suffer from serious staffing gaps throughout the world, especially at hardship posts. Critical staffing shortages continue to exist in the areas of administration and consular affairs; both are identified as areas of material weakness for the Department. We have informed the Department of specific training deficiencies for officers working in procurement and contracting, administration, and security areas.

As our inspections have found, the Department's staffing gaps at some posts, for example in Africa and the South Pacific, are often the result of having no bidders at grade for the position. This is compounded by the Department's unwillingness to make directed assignments (to assign someone to a post or position against the employee's preferences). Gaps at posts where American staffing is minimal can cause significant management deficiencies. Filling jobs with willing but inexperienced lower grade officers creates its own risks, especially at posts where there is no one to mentor them in specialized areas such as administration or consular operations.

Inadequate administrative staffing overseas has been cited as a material weakness since 1988. This shortage is particularly acute, given the rise in the number of U.S. personnel overseas from other agencies who rely on the Department of State for administrative support. The Department reports that, while the FY 1996 hiring plan targeted enough financial management specialists to meet full attrition levels, funding limitations restricted overall hiring to about 25 percent of projected attrition. The Department believes that the shortage of administrative staff is a root cause of other reported material weaknesses in the administrative area.

Insufficient consular staffing overseas has also been a long-standing weakness in the Department and creates a greater likelihood of fraud in immigrant and nonimmigrant visa processing by weakening management controls over consular operations. The Department plans to address this shortage by using the overseas staffing model to identify consular staffing needs, using alternative means to fill vacancies in the absence of available generalist officers, and exploring the feasibility of using MRV receipts to fund American and FSN consular positions. The Department's target date for resolving this problem is 1999.

Our work has also raised serious questions about the adequacy of training and preparation for our Foreign Service and Civil Service personnel particularly in the areas of procurement and contracting, cashiering, property inventory, security, records management, and supervisory and computer skills. We are continuing to work with the Foreign Service Institute, contributing OIG assistance and expertise to identify and help address training and curriculum needs.

Tour of Duty

The OIG is currently reviewing the appropriateness of the Department of State's tour of duty policies. Our preliminary findings show that in FY 1995, the Department moved 3,567 employees at a cost about \$77 million. The Department has the shortest overseas tours compared to other U.S. departments and agencies. The Department has tour policies of 1, 2, and 3 years. Of the Department's 245 posts, 4 require 1-year tours, 76 require 2-year tours, and 165 require 3-year tours. The Departments of Agriculture and Commerce, USIA and AID all have several posts that require a 4-year tour, while the State Department has no 4-year tours. The dissimilar tour policies must be addressed during the restructuring of the foreign affairs agencies. Additionally, our preliminary data

shows that for fiscal year 1996, the Department allowed 1,156 Foreign Service employees to curtail their domestic and overseas assignment before their original schedule completion dates. Of these, the Department approved 639 employees to end their assignments more than 3 months ahead of schedule. We plan to complete our review this fall. While we are still analyzing the information, we will draw conclusions about the impact of tours of duty policies on Department operations.

Are effective systems in place to ensure that resource allocation decisions reflect policy priorities?

Mission Program Planning

The Department already requires overseas missions, and bureaus in Washington, to prepare annual performance plans which will now be derivative of the Department's strategic plan. The process now in place involves the development of Mission Program Plans (MPPs) in the fall and Bureau Program Plans (BPPs) in the spring. Efforts are under way to streamline the process and fully integrate planning and other aspects of resource management.

Our recent inspections have identified weaknesses in the Department's ability to define its policy goals, order the priority of these goals, and allocate resources to support their implementation. The MPP process was designed to produce formal, written guidance on U.S. interests and policy goals in each country, set out the courses of action to be undertaken in pursuit of those goals by all elements of the U.S. mission, allocate resources, and provide measures by which to gauge success. A key finding of almost every inspection during the last year was shortcomings in the ability of the MPP process to produce timely, well-focused, and practical guidance for implementing policy and allocating U.S. Government resources in support of policy goals. For example, the Bureau of South Asian affairs was found to be without overall policy guidance for its region, and a recent follow-up review of the Bureau of Consular Affairs' U.S. passport agencies identified the need for forward planning.

The Department has embarked upon imaginative initiatives to better link resource allocations to foreign policy decision-making. One such initiative in this regard is the Overseas Staffing Model which, I just discussed. Another recent initiative is the "Department of State Strategic Plan for International Affairs," which responds to the Government Performance Results Act.

Government Performance and Results Act (GPRA)

In your letter inviting me to testify today, Mr. Chairman, you asked for our assessment of management's implementation of the Government Performance and Results Act. As you know, the Act requires that agencies submit a strategic plan for program activities to OMB and the Congress no later than September 30, 1997. Each agency is also required to submit an annual performance plan based on the strategic plan and

covering each program activity in the budget beginning with FY 1999. A report on the program performance for the previous fiscal year must then be submitted to the President and Congress no later than March 31, 2000, and no later than March 31 of each year thereafter.

In order to meet these requirements, the Department of State, the U.S. Information Agency, and the Arms Control and Disarmament Agency are developing strategic and performance plans derived from the 7 national interests and 16 strategic goals for the United States as identified in a strategic plan for international affairs that was Developed by the State Department and is now being revised as a result of consultations among State, USIA, ACDA, and USAID. To date, we have only obtained draft copies of the strategic plans for international affairs and the Department of State (ACDA's efforts, in accordance with the anticipated merger, are being included in the Department's goals involving Weapons of Mass Destruction and Diplomatic Readiness), as well as the Department's instructions to Assistant Secretaries for linking the strategic plan and resources in FY 1998 and 1999.

Because we have yet to see all the plans, and those we have seen are still in draft, we have not yet begun to assess them. However, a summary review of the Department's instructions for linking resources to goals would seem to indicate that the Department (including ACDA) is at least attempting to use a systematic approach for linking resources to goals. Similarly, although we have not seen its plans, we understand that USIA is also attempting to link its resources to its goals. We will have to wait until we see the final plans to assess how appropriate and serious these goals and resource linkages are. The strategic and performance plans that we are developing include efforts at validating and verifying the agencies' efforts to implement the Act in FY 1999.

Are program resources effectively applied to priorities?

Machine Readable Visa Program Fees (MRV)

In examining whether resources are effectively applied to policy priorities, OIG has looked at the Department's Machine Readable Visa Program (MRV). OIG has noted the need for continued authorization for MRV fees to fund needed improvements in border security. In the past we have noted improvements attributable to reinvestments of these fees. While we recognize the critical need for these additional resources, we are concerned that the Department put in place mechanisms to ensure these funds are invested in the areas of highest vulnerability. My office will continue to review these expenditures to ensure that they comply with legislative requirements.

Diplomatic Security

In response to your request, Mr. Chairman, in September 1996 we completed a review of whether budgetary rollbacks in security resources have endangered U.S. personnel, facilities, or information. This review found that, largely through the

application of risk management, prioritization of threats, and program efficiencies, the current security funding level appeared to afford a sufficient level of security to minimally protect people, information, and facilities. We expressed concern, however, that further reductions will undermine the Department's ability to provide adequate security particularly in security staffing, information systems security, and the operation and maintenance of security equipment. The October 1996 Counterterrorism Budget Amendment with its \$38 million in no-year funding for the Department offered some immediate relief from this bleak forecast. About \$24 million went to the Bureau of Diplomatic Security (DS) and is being used for physical and technical security upgrades, most of which had been flagged as critical needs by earlier OIG security oversight reports. DS will be able to hire an additional 55 new security officers and 6 new security engineers over the next 3 months as a result of this funding. It will also underwrite immediate training needs especially for the many post security officers who had been unable to take training before assignment to their posts.

We support DS's FY 1998 budget request for \$235 million, but I echo the Acting Under Secretary for Management's call for a longer term strategy for a more stable budget level to address the full scope of security requirements worldwide. We need a steady intake of security officers rather than episodic hiring; we need to clearly establish funding for security in the construction of our new facilities and also to ensure that we have hired and trained the engineers and technicians to maintain these security systems. And we need to clearly define responsibilities for the security of our information systems, the very heart of our global operations. This is a critical need that will require considerable resources over many years as well as the highest level of management attention.

Diplomatic Telecommunications Service-Program Office (DTS-PO)

In coordination with the Office of Management and Budget and other concerned agencies, we are evaluating how well the Diplomatic Telecommunications Service-Program Office (DTS-PO) responds to its customers needs. Several agencies at overseas locations have asserted that the telecommunications services DTS-PO provides are inadequate and do not meet their requirements for greater bandwidth and connectivity to resources such as the Internet, other overseas missions, or headquarters locations. They want to use other sources, such as private carriers, to meet their requirements. These concerns have been voiced primarily by customers like USIA, who believe that their needs for unclassified communications capabilities are secondary to those of classified communications users. We will review how DTS-PO plans for and provides services for the entire DTS user community with a focus on how unclassified customer needs are met.

Information Resources Management

In compliance with the Clinger-Cohen Act of 1996, the Department has appointed a Chief Information Officer who recently issued the "Information Resources Strategic Plan" and the "Information Resources Tactical Plan," for FY 1998. These documents focus on the Department's need to upgrade the telecommunications and computing

infrastructure as well as to modernize obsolete proprietary hardware and software. This effort is coupled with Year 2000 problems. Information resource management has been a material weakness in the Federal Managers Financial Integrity Act report for several years. However, the Department has made little progress toward overcoming weaknesses and continues to use obsolete equipment for financial management, consular affairs, and telecommunications, for example.

We have found that posts overseas have been developing local software applications to meet post-specific needs because the Department has not provided the software necessary for their operations. These developments are repeated around the world as posts have similar unfilled needs to automate operations, improve performance, and reduce costs.

HOW WELL ARE PLATFORMS AND INFRASTRUCTURES WORKING?

To support and advance U.S. interests around the globe, the Department maintains some 250 diplomatic and consular posts in 164 countries. The Department provides the base, domestic and foreign, for the Department of State and more than 200 other U.S. Government entities abroad. As the members of this Committee are well aware, maintenance of these platforms involves not just maintaining the physical buildings and the myriad of support systems and communications for the employees who work in these facilities both domestically and abroad, but this maintenance also includes the basic infrastructures for operating in a wide array of foreign cultures in some 150 foreign currencies, including everything from developing local compensation plans to providing passport, visa, and consular services around the globe.

Is ICASS achieving efficiency and effectiveness in cost allocation?

One of our strategic objectives included looking at the International Cooperative Administrative Support Services (ICASS) to determine whether it is achieving efficiency and effectiveness in cost allocation for administrative support of U.S. Government agencies abroad. The objective here is to provide managers with information on the full costs of overseas support, while providing quality services at the lowest possible cost. OIG has been actively reviewing the development of ICASS since the program's inception by monitoring the proposed use of the Working Capital Fund (WCF), testing software programs and reviewing ICASS materials as they are drafted and revised. In an early review of ICASS software, we identified the need for adequate controls to ensure that key tables could not be manipulated and changed by users. Those tables have been secured, and proper access controls have been established. The OIG is in the final stages of its first audit of the ICASS Program, and has reviewed the Department's progress in preparing the ICASS program for full implementation in FY 1998 and for making ICASS fully auditable. Given the importance and high visibility of this new program, my office will continue to focus much attention on ICASS, including auditing the financial statements annually. Our preliminary findings indicate that, based on our audit work in the

Department and visits to overseas posts, the data generated for input into ICASS will be auditable.

In our future audits of the financial statements, we will focus on some areas in which we have identified concerns, such as the adequacy of the financial systems to provide data for reports and the inability of the financial systems to separate obligations and liquidations by fiscal year, as well as issues with the ICASS software such as separating consulate expenses from embassy expenses. Nevertheless, as diligently as the Department might work to implement ICASS, the success of this program will require the assistance of Congress to realign other agencies' budgets in accordance with the ICASS system. The Administration submitted a budget amendment for this purpose. There is also a need to ensure that these agencies will then use these funds to pay for ICASS services rather than divert them to other program purposes.

Do financial management systems support and provide effective controls?

In addition to transparent and equitable cost allocation among agencies, we have devoted considerable resources to reviewing financial management. Since the passage of the Chief Financial Officers (CFO) Act in 1990, and the Government Management Reform Act of 1994, my office has made an enormous investment of audit resources to conduct financial audits and help the Department to reach a point at which it can produce agencywide financial statements. In fact, the Department has obtained clean opinions on the Foreign Service Retirement and Disability Fund (FSRDF) for the past several years and has received a qualified opinion on the Agencywide Statement of Financial Position for FY 1996.

Beginning with FY 1997 operations, my office will be auditing the entire set of agencywide financial statements, including the income and expense statement, and financial information provided for other agencies' financial statements. We will also be auditing for the first time the statements for the International Cooperative Administrative Support Services program and will continue to audit statements for FSRDF. The increased scope of this work will entail extensive additional work either by OIG directly or by a contractor, especially with respect to the Department's financial management systems that are reported by the Department as a high risk area. For example, many of the Department's financial and feeder subsidiary systems do not conform to the Agency Accounting Classification Structure for financial data because they were designed for specialized program and accounting purposes by different offices at different times.

In addition, the Federal Financial Management Improvement Act (FAMFIA) of 1996, requires that, as part of each CFO audit for FY 1997 and thereafter, we report whether the Department's financial management systems comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the Standard General Ledger at the transaction level. To fulfill our responsibilities under the Act, we must devote sufficient resources to monitoring and evaluating the Department's financial system improvement efforts and identifying system deficiencies that

may result in noncompliance. This work will be done in coordination with our CFO audit work. These important responsibilities underscore the need for sufficient resources to audit the Department's statements and the systems that produce information for these and the governmentwide statements.

We are working very hard with the Department to identify opportunities to address the shortcomings in its financial management system and to ensure that an adequate financial management system is put in place. The Department has developed some plans for improvement, and OIG plans to conduct an audit during FY 1997 of the Department's progress for resolving the financial system weaknesses and developing an effective worldwide financial management system that will meet Federal requirements and properly support the information needs of the Department. In addition, annually, in order to fulfill our requirements under the CFO Act and the Government Management Reform Act, we will monitor and evaluate the Department's financial systems and identify system deficiencies that may result in noncompliance.

Real Property Management

The Department is responsible for the acquisition, operation, and maintenance of more than 12,000 office, residential, and other properties abroad. My office has reviewed the real estate asset management program, which disposes of unneeded properties and uses the proceeds to meet higher priority real property needs. According to recent testimony by Acting Under Secretary for Management Kennedy, this program generated approximately \$59 million over the past two fiscal years. These funds and other appropriations balances were used to purchase new facilities, which the Department has estimated are now saving over \$12 million annually in avoided lease costs. As the Department recognizes, keeping leasehold costs under control is critical to preserving funding for even a modest maintenance and rehabilitation program, which is in turn critical to the protection of life and property, and to preserving the value of our real estate.

Weaknesses in the Department's financial and information management systems, however, limit the Bureau of Administration's ability to manage its own resources and track its inventory. We found that neither the Department's Real Estate Management System nor its primary accounting system, the Central Financial Management System, contained complete and accurate data on real property values. As a result of this and other audit work, the Bureau of Finance and Management Policy, with concurrence from the Bureau of Administration's Office of Foreign Buildings Operations (A/FBO) and OIG assistance, has finalized an estimation methodology for valuing real property, which was used to approximate the value of existing real estate on the FY 1996 financial statements. However, the Department does not have a method in place to properly value any future property acquired.

In the past, OIG found that the identification and disposal of overseas properties that are excess, underused, or that have become too costly to maintain was hindered by A/FBO's lack of a comprehensive system for identifying surplus property overseas.

A/FBO is now required to certify its property holdings annually. Once such properties are identified, however, their disposal is often slow and bureaucratic. The result may be untimely disposition of excess properties and lost economic benefits. We have continued to press, through our compliance process, for the sale of these properties. For the first quarter of FY 1997, A/FBO proceeds amounted to \$4.235 million.

In testimony last year before the Committee on International Relations, Subcommittee on International Operations and Human Rights, I supported the concept of a real property management advisory board that would facilitate the process of selling overseas property. This is an area of vital importance to the Department because of the need for resources to replace embassies. The conference report to the FY 1997 Appropriations Act directed the Department to establish such a panel, and this has been done.

Maintenance and repair of real property overseas was listed as a material weakness under the Federal Managers Financial Integrity Act (FMFIA) for 9 years and, until recently, was an OMB high risk area of management vulnerability. Department progress in this area resulted in removal of maintenance and repair from these lists. Due to funding and other constraints, the Department continues to have a maintenance and repair backlog, now estimated at more than \$350 million. We recommended that the Department develop an automated system to identify and monitor this worldwide backlog, and the system has been implemented.

In addition, OIG inspectors have found post-specific deficiencies in maintenance and repair of property. Recent inspections of posts in China, Jamaica, El Salvador, Madagascar, Peru, and Chile resulted in recommendations to implement a maintenance and repair program in accordance with A/FBO guidelines, augment in-house maintenance staff, and improve coordination of post maintenance services. These posts have reported taking action to implement these recommendations.

Bonn and Berlin

My office is completing a review of Embassy Bonn, Germany. We conducted a compliance follow-up review of the 1996 inspection and a comprehensive audit of real property management in Germany and the relocation of Embassy Bonn to Berlin. In general, we are finding that insufficient progress has been made on the major problems identified by OIG in its 1996 inspection. Although the President reaffirmed in June 1997 his commitment to build a new Embassy in Berlin on the Paiser Platz site as soon as possible, no funds for this project have been committed. The funding was to have come from the proceeds of sale of property in Germany, to the maximum extent practical. It is unlikely that construction will start anytime soon given the lack of available funds. The Department's estimate of the amounts it could realize from the sale of property is no longer valid, in part because of the decline in German real estate values and in part because of difficulties with German law and local zoning restrictions. Moreover, the current estimated cost of the new embassy has increased to about \$146 million. The Department has sold, or is in the process of selling, properties in Stuttgart, Dusseldorf,

and Hamburg, for a total of about \$15 million. Additional properties to be sold, the Plittersdorf in Bonn and the Radio in the American Sector lot in Berlin, were earlier estimated to be worth about \$70 million and \$50 million respectively, but these amounts are now not expected to be realized

In addition, difficulties with the renovation of Berlin housing acquired in a 1994 property swap with the German Government, delays in starting the design phase of the new Chancery, and the need for a new larger general services office facility in Berlin, have all added to the cost of moving the embassy from Bonn to Berlin. Also, additional costs will be incurred when the purchase of the site for the regional support center in Frankfurt is completed and the building is renovated. OIG found that no decisions had been made on any of these issues since their 1996 review and that the delay would result in a more costly and difficult move. For example, annual lease costs for the interim office facilities in Berlin amount to over \$1.1 million. Intervention by the State Department's highest level of management is apparently required to break financial and bureaucratic log jams.

Housing

Preliminary findings from our review of the Department's overseas housing program indicate that, since new housing standards were adopted in June 1991, and the Department took actions to encourage compliance with standards, a majority of the housing reassignments were within the space and standards. In 1989 a GAO review found that one in three residences was over standard; our review found that one in five residences at the nine posts visited was over standard. Over-standard housing in leased residences costs these posts about \$280,000 more than their housing programs would have cost had they leased only within-standard housing. In addition, the Department took a number of actions to correct problems reported in GAO and OIG reports, such as initiating improvements to strengthen its property management role and introducing enforcement measures to strengthen accountability. Although significant improvement has been made, more can be done. Most significant is that the Department is not using housing profiles as intended to stabilize housing inventories and reduce housing and housing-related costs.

Are security programs and activities adequate?

In our efforts to discover how well our infrastructure and platforms are working, OIG continues to place significant importance in several areas. One of my highest priorities is the oversight of Department security programs to protect lives and information. In today's fiscal environment, we must balance the need to adhere to the community security standards with the operational realities in the field where strict adherence is not always possible. With risk management, we can identify funds to be put to better use in certain posts in low or medium threat environments where security measures in place may provide adequate security by meeting the spirit, if not the letter, of the standard.

Our last two semiannual reports highlight much of the work we have done in security oversight. I especially want to call your attention to our first classified annex to a semiannual report. This addition gives me the opportunity to share with you much more detailed and sensitive information about our security posture, the potential vulnerabilities we have identified, and areas in which we are seeking improved security.

With the tragic bombings in Saudi Arabia, I have been increasingly concerned that the responsibility for the security of every official American abroad, civilian as well as uniformed, is clearly established. This year I have directed our inspection teams to review this situation closely to ensure that chiefs of mission have a clear, unambiguous appreciation of their security oversight responsibilities. We have strongly supported State and Defense Department efforts to establish formal memoranda of understandings between chiefs of mission and theater commanders to clarify the status of the many Defense non-combatants who have been unsure whether they belonged to the area military command or to the chief of mission. Our security inspections have also made recommendations on clarifying security oversight with non-State agencies in Europe and for establishing clear security oversight for law enforcement operational elements in South America.

Telephone Security

I also want to highlight another important on-going audit of overseas telephone security. This audit was prompted by several inspection recommendations relating to the problems that overseas posts were experiencing in complying with the Department's standards for telephone security. For example, at several lower threat missions post management has turned over the maintenance and access control of the telephone systems to Foreign Service National (FSN) employees.

The audit team has just completed work and has made preliminary conclusions on telephone security shortfalls. In general, the Department is fielding complex telephone systems and relying on cleared American employees who have not been adequately trained to maintain and secure the systems. As a result the telephone systems are vulnerable to unauthorized alterations and surreptitious entries. The audit team will make several recommendations to address these vulnerabilities in its final report.

Are visa and passport programs strengthening border security and deterring fraud?

Visa Processing

The Department has improved visa operations significantly in recent years. However, there is room for continued improvement in this area. Our report on immigrant visa processing demonstrated that, although the Department's operations comply with the Immigration and Nationality Act, improvements are needed in the process used to determine the eligibility of the visa applicants, information sharing, and interagency coordination. We recommended that the Department improve officer training, give due attention to automating all visa processing posts, and continue efforts to eliminate duplication and enhance data sharing with the Immigration and Naturalization Service (INS).

Another important facet of the Department's effort to improve visa issuance processes is the MRV program, used for issuing nonimmigrant visas. During 1996, we performed a follow-up review of this program and found that the Department has significantly improved the MRV process but still has not been able to correct many of the problems identified in a 1993 OIG report. Specifically, the MRV is not electronically authenticated at ports of entry by border agents of the Immigration Naturalization Service or by U.S. Customs Service. I should note that use of MRV data by other agencies is beyond the control of the Bureau of Consular Affairs to monitor. Moreover, the name check system used at some posts fails to identify individuals ineligible to enter the United States. OIG will assist the Department in correcting these remaining MRV deficiencies and encourage more widespread implementation of a new version of the MRV system. As I noted previously, the Bureau of Consular Affairs agreed to all of our recommendations and has already completed action on several recommendations.

Our post inspections have found that numerous posts continue to place a low priority on border control and fail to allocate sufficient resources to deal with border control problems effectively. In Central America, OIG recommended that a post establish an interagency alien smuggling and document fraud working group to be chaired by the deputy chief of mission. At a west African, high-fraud post, we found that the antifraud unit was appropriately staffed and the locally hired staff were well trained; however, the officer in charge of the unit, although energetic, was a first-tour officer and lacked the experience needed to operate in that fraud-prone environment.

Our post inspections at medium fraud threat posts found that antifraud duties are assigned to staff whose primary responsibilities were other than antifraud work. This is often the case, because there are insufficient resources to deal effectively with fraud matters. Hence, even when fraud problems were evident, they were not always accorded high priority. In Phnom Penh, Cambodia, for example, the press of business in that one-officer consular section precluded the officer from spending time with airline personnel and immigration officials to conduct antifraud training. Nor was the post able to collect

important information about alien smuggling in that significant South East Asia transit/staging area.

In several west African posts, we called for closer supervision of the FSN employees responsible for antifraud investigations. In several posts, we recommended utilizing DNA testing to prevent false family member claims. This is a relatively new practice, which has promise in situations where the testing can be properly controlled.

Although the Department's Bureau of Consular Affairs makes a concerted effort to keep posts in the field abreast of global fraud trends, field efforts are hampered by inadequate exchanges of information between the various U.S. Government agencies in Washington and present in-country, which also have an interest in border control. For example, although some Nigerians are involved in visa fraud, drug trafficking, and a variety of financial crimes, Embassy Lagos does not receive feedback, timely or otherwise, on Nigerian nationals who have been intercepted while attempting to enter the United States.

Data Sharing Among Border Control Agencies

Although the MRV has enhanced the security of the visa, fraud and counterfeiting still occur. The INS believes that sharing an electronic record of the visa information would help to ensure that the alien at the port of entry is, in fact, the person who was issued the visa. In this regard, we urge continued congressional attention to encourage border control agencies to share vital data regarding ineligible aliens who should be denied entry into the United States. For example, consular officers need access to information contained in the FBI's National Crime Information Center (NCIC) system in order to help prevent the issuance of visas to foreign born individuals who have criminal records in the United States.

We have found cases where information on foreign nationals that was available to border control and other law enforcement authorities in the United States is not provided to the visa officers who are adjudicating the cases abroad. My office has recommended that the Department seek timely intelligence and feedback from agencies who possess information that would benefit consular personnel in the field prior to visa issuance. We do recognize that some data must be protected in some name check systems, but this should not completely bar Department access to data maintained by law enforcement agencies. Following an inspection of our Embassy in Colombia, for example, my office recommended that the State Department be given access to a specific Drug Enforcement Administration database. These requests have been consistently refused on the grounds that State Department consular officers are not law enforcement personnel and therefore are not entitled to access. This is a difficult problem, because there may be a need to protect an investigation or an informant, yet the embassy consular officer has first-line responsibility to decide whether to issue a visa to someone who may be a known trafficker. More cooperation among cognizant agencies is needed to resolve this problem.

U.S. Passport Issuance

The Department of State's Bureau of Consular Affairs runs the U.S. Passport Agencies located in 14 cities throughout the United States. In FY 1997, these passport agencies will issue almost 6 million passports, up from 4.8 million in FY 1994. Our reviews of passport field agency operations have found that the State Department has done remarkably well in absorbing the huge increase in passport demand, but that it needs to accelerate and expand its planning activities in order to keep ahead of expected future demand and to combat potential passport fraud. Moreover, there is limited capacity for increased productivity left in the system without significant commitment of additional resources for automation, employee training, and other infrastructure investments.

INVESTIGATIVE ACTIVITIES

The OIG is committed to and goes to great lengths to protect the Secretary of State's ability to pursue the foreign policy objectives of the United States free from the impediments of waste, fraud, and abuse as the Congress intended and as the U.S. taxpayer deserves.

The investigative process is a very important component of an IG's ability to detect and hold employees accountable for waste, fraud and abuse in the Department of State, the USIA, including the BBG, and ACDA. In 1995 the Department of Justice selected our office as one of seven OIGs to be extended full law enforcement authority under an MOU with the Justice Department. This selection was based on our unblemished record of exercising full law enforcement authority pursuant to special deputation requests. Under this MOU, our 38 federal criminal investigators operate with full law enforcement authorities, including the ability to effect arrests, to execute search warrants, and to utilize other sensitive law enforcement techniques that may be required in a particular investigation. All of these authorities are exercised under the supervision of a federal prosecutor and many levels of management review in OIG. If an investigation discloses sufficient evidence of criminal misconduct, the case is referred to the Department of Justice for consideration of criminal prosecution. If the case is prosecuted, our case agents work closely with federal prosecutors in trial preparation and presentation, which includes testimony before federal grand and trial juries. In the conduct of federal criminal investigations, OIG investigators operate under the same legal guidelines and exercise the same law enforcement authorities as other federal entities such as the FBI, the DEA, and the INS.

The Inspector General is charged with fraud prevention as well as fraud detection. Toward this objective, the OIG engages in several proactive activities including preparing and distributing fraud alert bulletins and Management Implication Reports, conducting training, and distributing informational pamphlets and booklets. Fraud Alert Bulletins are issued to all bureau executive directors when our investigations identify a systemic weakness that has an impact on all Department, USIA, or ACDA bureaus. Management Implication Reports are issued when a systemic weakness is identified in a bureau-specific

program or operation. It is sent directly to the affected bureau with recommendations for corrective action.

Experienced investigative staff from the OIG also provide training to employees in State, USIA and ACDA, as well as other government agencies. OIG provides speakers on a regular basis for courses at the National Foreign Affairs Training Center including ambassadorial seminars, Foreign Service officer and Civil Service introductory training, budget and fiscal officer training, advanced consular courses, and regional security officer training. A portion of the discussion in these classes is devoted to the OIG investigative process. We seek to reach out to employees during such training to explain in detail our investigative process, as we find it is a matter of intense interest to employees at all levels in the Department. OIG is also updating our pamphlet detailing the investigative process and employee rights and responsibilities that will be distributed to all employees.

The OIG also writes, publishes, and distributes a booklet entitled, "Standards of Conduct" which is a guide to ethical conduct for employees in the United States and abroad. Both the investigative pamphlet and ethics booklet have been widely distributed throughout the Department and to embassies abroad. In addition, the OIG section of the Foreign Affairs Manual, which is available to all employees either in hard copy or in electronic form, fully spells out the investigative process as well as the other responsibilities of the OIG. We undertake these activities in an effort to heighten employee sensitivity to potential ethical pitfalls, such as conflict of interest situations and other common problem areas.

In the last year, the Office of Investigations opened 202 cases and closed 212 cases; 48 cases were referred for criminal prosecution, and 49 were referred for administrative action.

In response to your request, Mr. Chairman, my office is reviewing the adequacy of administrative actions taken by the three foreign affairs agencies in response to our reports and investigations. The report has been drafted and is currently being reviewed within the agencies. The team examined the records of 162 disciplinary cases investigated by the OIG from April 1991 through March, 1996. Pending comments from the Department and agencies, several of the recommendations are not finalized at this time. However, our preliminary conclusions are that the interests of the U.S. Government are not at risk due to shortcomings in the disciplinary process within these foreign affairs agencies. There are, nevertheless, many areas requiring improvement in order to increase the deterrent impact of administrative disciplinary actions. My office identified a need for standardized penalty guidelines, more restrictive use of prescriptive relief, a heightened threshold for the level of sanctions that can be grieved to the Foreign Service Grievance Board, and better recordkeeping within the agencies.

CONCLUSION

Mr. Chairman, I have noted several areas for particular close Congressional attention including the future commitment of federal agencies overseas to ICASS implementation, continued authorization of MRV fees for consular affairs, and stabilized budget levels for diplomatic security requirements. I have also identified the need for clarification of authority for oversight of international broadcasting by my office.

Implementation of the Government Performance and Results Act will provide Congress with an excellent vehicle to measure overall performance as well as specific progress in achieving the stated goals in each of the programs and operations that are essential to the functioning of our foreign policy abroad. As the role of the Inspectors General in reviewing compliance with these goals and reviewing the adequacy of performance measures develops, I look forward to a continued partnership with the foreign affairs agencies I serve and with you, Mr. Chairman and the Congress to ensure the most effective and efficient operations possible.

This concludes my statement, Mr. Chairman. I would be happy to answer any questions you may have.